

KEY TAKEAWAYS

Freshwater Strategy UK Data Regulation Survey

SEPTEMBER 2026

Background

Freshwater Strategy has conducted a quantitative survey of 113 senior decision-makers at British technology and data-intensive businesses, looking at both the compliance cost and broader economic opportunity costs of data regulation. The study was commissioned by the Computer and Communications Industry Association (CCIA) and measures the £5bn-a-year compliance cost of UK data protection regulation on technology businesses.

The growing compliance burden

Those business leaders, which included founders, CEOs, COOs, CFOs and CTOs, reported a **substantial and growing compliance burden imposed by data regulation**:

- A majority of businesses (57%) describe UK data protection regulation as a burden, including 42% who say it is a moderate burden and 15% who say it is a major burden.
- Despite legislative attempts to reduce the burden, 69% say compliance costs have risen over the last 5-10 years, including firms of every size reporting an increase and no respondent reporting a decrease.
- Among those whose costs had risen, the most commonly cited drivers were the increased complexity of data-sharing arrangements (55%) and new or updated legislation or regulation (52%), ahead of their own greater use of data and new technologies (50%).
- In many cases, there is an indirect burden as companies are also facing greater scrutiny from customers or partners (51%). The ICO's approach to regulation was also cited by one-third of respondents (34%) that had experienced increased costs.
- Those costs include systems and tooling (56%), staff training (37%), and in-house compliance staff (37%).

Annual data protection compliance costs

Business size (employees)	Enterprises	Average annual cost per firm	Estimated annual sector cost
Micro (1-9)	127,130	£17,100	£2.17bn
Small (10-49)	9,035	£29,500	£0.27bn
Medium (50-249)	2,065	£165,000	£0.34bn
Large (250+)	440	£5.71m	£2.51bn
Total	138,670	—	£5.29bn

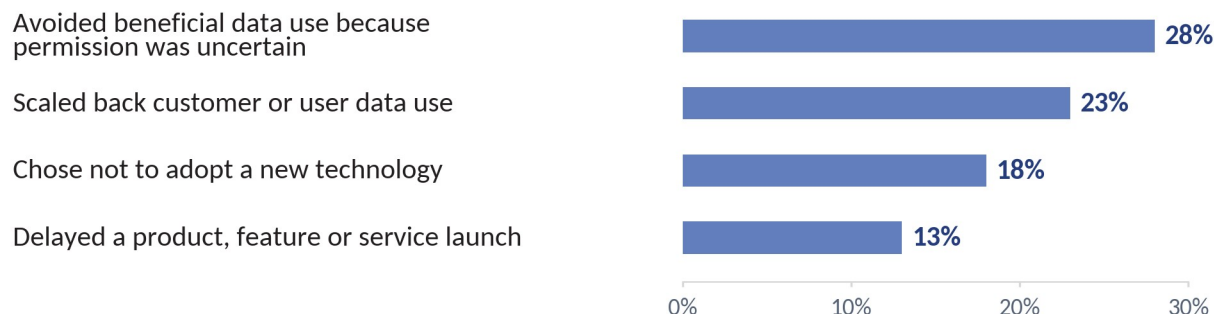
Source: Freshwater Strategy, CCIA UK Data Regulation Survey, September 2026, pp. 41-42. Estimates cover direct compliance costs for UK technology enterprises in SIC 61-63; figures are rounded.

Consequences for investment, innovation and growth

This burden has **serious consequences for investment, adoption of new technologies like AI, and economic growth in the UK:**

- 52% of businesses have been prevented from undertaking a business activity because of UK data protection regulation, 48% say compliance has diverted skilled technical or engineering staff away from product development.
- Across the United Kingdom's technology sector, data protection compliance is estimated to cost over £5bn a year. Almost half of that cost falls on the small number of large firms, reflecting the scale and complexity of their data operations (particularly for cross-border data flows).
- Even micro firms report spending about £17,000 a year each on data protection compliance. Large firms report spending an average of £5.7m a year each.
- The most widespread impacts were avoiding beneficial uses of data due to uncertainty over whether they were permitted (28%), scaling back data use (23%), not adopting new technology, and delaying the launch of a product or feature (13%)
- Respondents, particularly from larger and non-UK firms, also reported launching products and features outside of the UK first as a result of data regulation.
- If the burden were eased, firms would respond by using data more extensively (NET +66), adopting AI (NET +60) and launching new services more quickly in the UK (NET +48).

Business activity held back by data regulation



Source: Freshwater Strategy, CCIA UK Data Regulation Survey, September 2026, p. 15. Share of respondents reporting each activity in the past three years; multiple responses allowed. Selected responses shown.

Privacy, clarity and proportionality

Respondents support protection for user privacy and only a minority reported a negative experience working directly with the ICO, but **most report that the framework as it is interpreted and enforced is neither clear nor proportionate to the risk**. Uncertainty over how the rules are interpreted, more than the rules themselves, is the binding constraint for UK businesses.

- Respondents were committed to protecting consumer privacy, with NET +30 support for maintaining strong protections for personal data, even where this increases business compliance costs.
- Uncertainty about how the rules are enforced is a bigger problem than the rules themselves (NET +56).

- Almost half (47%) say they could create more value from data they already hold if the rules were clearer.
- However, most felt that the risk of getting data protection wrong felt disproportionate to the actual risks to individuals (NET +57).

Improving UK data regulation competitiveness

The ICO, the Government and Parliament all have a part to play in improving UK data regulation competitiveness.

- The strongest support for reforms was for cutting requirements for low-risk uses (NET +75), clearer guidance (NET +75) and clearer data-reuse rules, all of which the ICO could provide within the current legislative framework.
- In its [response](#) to a recent consultation on data flows, CCIA urged the Government to legislate for a grace period following any collapse of UK adequacy and remove the incentive for defensive belt and braces approaches that undermines the intended value of adequacy frameworks; give Global Cross-Border Privacy Rules (CBPRs) legal effect in UK law and champion the CBPR Forum globally; ensure Transfer Impact Assessments (TIAs) focus on real and present risks posed to data as opposed to theoretical risk; and prioritise the adoption of privacy-enhancing technologies (PETs).
- At a recent AI Roundtable hosted by CCIA, participants argued that the ICO needed clear KPIs and regulatory budgets with expert review (whether by a new organisation such as RIO or established organisations such as the NAO) and Parliamentary accountability. The inclusion of data regulation and the ICO is essential for the credibility of the government's forthcoming *Regulating for Growth Bill*.

About the survey

Freshwater Strategy surveyed 113 senior decision-makers at UK technology and data-intensive businesses, including owners and founders, CEOs, COOs, CFOs and CTOs. Fieldwork took place online between 17 August and 12 September 2026. Respondents were recruited through direct outreach and specialist B2B sampling, and were screened to make sure they are personally involved in decisions about how their organisation uses and manages data. Results are weighted by business size to the profile of data-intensive UK businesses, using ONS business population data and the DSIT UK Business Data Survey.

The £5.3bn annual cost estimate is built from the bottom up. For each of four employment size bands, Freshwater took the average annual data protection compliance spend reported by respondents (on staff, advisers and systems). It then multiplied that figure by the number of technology enterprises in the United Kingdom in that band (SIC 61–63, from ONS UK business: activity, size and location 2025). The figure covers direct compliance costs only. It excludes the opportunity costs of foregone activity, such as delayed launches, abandoned products and unadopted technologies, so the full economic cost is likely to be higher.

Freshwater Strategy is a member of the Market Research Society and the British Polling Council and abides by its rules.